

# Sources and Uses of Funds of Nonfarm Nonfinancial Corporations; Size and Composition of Personal Saving

REVISED estimates of the sources and uses of funds of nonfarm nonfinancial corporations are shown in table A below. The source of these statistics is the Flow of Funds accounts prepared by the Board of Governors of the Federal Reserve System. Historical data back through 1946 (annually) and 1952 (quarterly) were published in the November 1969 Survey. The latest revisions affect the data only from

1966 onward, and bring the estimates of internal sources and of physical asset purchases into line with the revised national income and product data published by OBE in the July Survey.

Table B presents data on the volume and composition of personal saving. Data in this format were formerly prepared by the Securities and Exchange Commission, and OBE published those

data in table 5.7 of the national income and product accounts in the July Survey each year. The preparation of such data is now done by the Federal Reserve in conjunction with the Flow of Funds accounts. OBE intends to publish each year in the August or September Survey an updating of the data in table B to incorporate the annual revisions of the income and product accounts.

Table A.—Sources and Uses of Funds, Nonfarm Nonfinancial Corporate Business, 1966-70

(Billions of dollars)

	1966	1967	1968	1969	1970	1966				1967				1968				1969				1970			
						I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV
(Seasonally adjusted at annual rates)																									
Sources, total.....	166.4	161.6	168.9	178.1	169.8	109.9	105.2	94.6	94.5	90.8	89.1	94.3	111.3	101.2	107.5	107.7	112.8	127.4	112.7	112.4	117.4	105.4	96.9	109.9	
Internal sources <sup>1</sup> .....	61.2	61.5	61.7	65.5	61.2	69.4	60.5	68.6	63.9	60.5	68.4	61.5	63.1	62.7	62.7	63.4	62.1	69.5	69.5	69.7	67.9	61.9	62.1	62.4	
Undistributed profits <sup>2</sup> .....	24.7	21.1	19.9	15.8	12.3	21.5	24.7	25.1	24.3	20.5	20.2	20.9	23.9	20.5	20.8	18.8	18.9	18.3	17.2	14.1	13.5	12.5	13.4	9.0	
Corporate inventory valuation adjustment.....	-1.8	-1.1	-3.5	-5.9	-4.5	-2.4	-2.2	-3.0	.5	-1.1	-1.8	-1.4	-3.3	-5.5	-2.7	-1.9	-4.2	-6.0	-0.3	-2.2	-5.7	-5.8	-6.2	-2.0	
Capital consumption allowances <sup>3</sup> .....	35.3	41.5	45.1	49.2	63.9	37.3	38.0	36.5	39.0	40.2	41.0	41.9	42.6	42.7	44.7	45.5	45.4	47.6	48.0	49.5	51.0	52.1	53.3	55.4	
External sources.....	39.4	36.3	46.3	58.6	44.0	48.5	44.7	33.9	32.6	30.3	24.7	37.5	48.2	44.5	44.8	44.3	51.7	57.9	54.2	59.7	54.2	47.8	42.8	31.7	
Stocks.....	1.2	2.3	-1.8	4.3	0.8	-1.5	5.9	.0	-1.5	.9	1.9	2.8	3.0	1.3	-1.0	-1.9	-2.2	.1	2.4	5.0	9.1	6.8	8.2	5.0	
Bonds.....	10.2	14.7	12.0	12.1	20.3	12.7	8.0	0.3	8.3	18.4	13.7	17.0	14.0	11.2	13.4	12.0	14.4	14.8	12.5	10.3	10.7	13.9	22.7	29.7	
Mortgages.....	4.2	4.5	5.8	4.8	6.3	5.9	6.1	3.1	2.2	2.7	4.0	5.1	4.6	6.3	5.2	6.0	6.8	5.0	4.2	4.2	5.7	4.8	8.4	5.5	
Bank loans, n.e.c.....	7.9	6.4	8.8	11.0	1.2	10.1	11.9	7.4	2.2	7.7	6.9	4.4	7.9	3.9	0.9	10.7	14.1	12.4	12.3	8.8	10.6	8.0	8.3	-1.5	
Other loans.....	1.4	1.4	3.0	7.0	5.2	.4	.4	1.3	3.8	2.9	1.8	-1.1	1.2	3.4	2.3	3.9	1.6	5.0	9.7	8.4	4.8	3.8	4.7	3.0	
Trade debt.....	7.8	4.9	10.1	19.7	4.3	11.8	9.9	4.5	5.1	5.1	4.5	2.6	7.9	8.4	9.9	11.5	10.6	21.5	31.0	22.9	13.0	10.3	7.7	3.3	
Profits tax liability.....	-1.5	-1.7	2.1	-1.9	-3.3	-1.0	-1.5	2.0	3.3	-2.1	-12.4	-1.2	1.8	7.0	3.3	-3.4	1.9	3.7	-0.3	-4.7	-2.5	-2.5	-4.0	-3.0	
Other liabilities.....	5.5	5.6	3.8	1.7	3.1	7.2	3.2	4.0	11.7	2.5	4.9	7.5	7.9	4.1	3.8	2.5	4.6	3.3	-1.0	2.0	2.9	6.0	2.2	.6	
Uses, total.....	92.8	94.5	101.7	112.7	103.7	93.1	97.6	88.4	91.1	82.9	70.0	81.7	103.5	88.3	103.5	105.9	100.5	120.6	107.6	114.5	105.5	116.6	106.1	94.2	
Purchases of physical assets.....	77.1	72.0	78.1	84.9	64.2	71.4	75.9	75.3	62.3	73.9	58.3	72.1	74.4	70.3	70.5	75.2	80.3	81.3	82.9	85.3	87.3	86.1	82.5	65.3	
Nonresidential fixed investment.....	61.6	62.5	67.4	75.0	78.3	69.9	69.7	65.4	63.3	62.1	61.3	62.4	63.5	60.5	64.7	67.3	69.5	72.6	74.0	77.9	78.1	77.0	78.6	78.9	
Residential structures.....	1.1	2.9	2.8	2.8	3.3	1.9	1.1	.8	.6	1.4	2.4	2.6	2.7	1.8	2.3	1.6	3.3	3.2	2.5	2.2	2.5	2.9	3.5	4.3	
Change in business inventories.....	14.4	7.3	0.4	0.5	2.6	10.0	16.0	12.7	19.2	9.6	4.4	7.1	8.1	2.0	8.0	7.0	7.7	5.5	8.2	8.3	5.9	.9	1.2	4.2	
Increase in financial assets.....	15.5	14.6	25.6	27.8	19.5	22.7	20.7	11.8	7.9	9.1	3.1	17.7	29.4	28.0	37.9	27.3	29.8	33.3	24.7	28.2	21.2	35.9	23.5	5.9	
Liquid assets.....	1.8	2.1	8.5	1.3	6.9	5.7	1.6	-1.1	1.6	1.7	-0.7	3.2	18.3	12.3	11.4	9.1	-1.6	3.3	-2.7	.1	4.6	11.5	14.0	1.4	
Demand deposits and currency.....	.7	1.0	-1.0	-1.0	0.0	2.1	-1.1	1.0	-1.7	.7	.3	1.0	2.2	9.0	8.4	-2.3	-6.0	3.5	-5.7	-4.4	2.9	-2.4	-2.9	.6	
Time deposits.....	-1.2	2.9	1.9	-0.8	12.6	1.9	2.4	-2.4	-3.6	5.5	-2.2	2.2	2.9	-7.7	-1.3	8.3	8.6	-14.4	-9.6	-11.0	-4.3	.6	0.1	22.3	
U.S. Government securities.....	-1.2	-2.5	1.7	-1.7	-3.2	-1.9	-1.4	-1.9	-1.5	-7.1	-4.4	-4.1	1.0	6.1	2.2	.0	-2.0	4.8	-1.0	-2.3	-8.0	-5.4	1.3	-2.9	
Open-market paper.....	2.0	1.6	4.4	8.0	-1.1	1.0	-1.0	1.8	5.6	4.9	-4.4	-1.1	2.0	1.0	7.2	0.9	2.0	2.7	10.5	12.2	5.9	18.0	7.4	-29.1	
State and local obligations.....	1.0	-1.2	-1.1	5.1	1.4	1.0	1.4	-1.1	1.8	-3.9	.0	1.4	1.5	.0	1.0	-4.9	-1.9	6.7	3.3	5.5	8.5	.0	2.0	1.6	
Consumer credit.....	3.2	.9	3.7	1.3	1.4	3.6	1.3	1.4	.7	1.0	1.2	1.1	.4	1.8	1.5	2.1	1.2	1.7	1.0	1.5	.6	1.5	1.7	1.1	
Trade credit.....	11.8	7.7	13.9	12.3	6.2	13.5	16.6	11.6	4.7	4.2	4.5	7.1	15.1	10.7	14.4	12.5	18.4	19.1	10.9	13.7	14.6	18.0	4.8	2.9	
Other financial assets <sup>4</sup> .....	1.0	3.8	1.4	8.0	3.0	.9	2.6	-1.3	.9	2.3	3.1	6.3	3.7	.1	-2.2	8.7	2.0	15.1	9.0	5.9	1.2	3.9	3.4	.7	
Discrepancy (with less sources).....	-5.0	-10.1	-6.3	-6.4	-1.6	-12.8	-7.7	-6.2	-4.4	-5.5	-14.4	-9.6	-7.5	-6.8	-3.9	-3.6	-13.9	-5.5	-6.1	-4.5	-3.5	-1.4	.7	-2.6	

1. The figures shown here for "internal sources," "undistributed profits," and "capital consumption allowances" differ from those shown for "cash flow, net of dividends," "undistributed profits," and "capital consumption allowances" in the gross corporate product table (p. 11 of this issue of the Survey) for the following reasons: (1) these figures include, and the statistics in the gross corporate product table exclude, branch profits remitted from foreign subsidiaries, net of corresponding U.S. remittances to foreign subsidiaries; (2) these figures include and cash flow in the gross corporate product table excludes the corporate inventory valuation adjustment; and (3) these figures exclude and the gross corporate product figures include, the internal funds of corporations whose major activity is farming.

2. Foreign investment excludes amounts financed by bond issues abroad, and bond issues outside the U.S. are excluded from financial sources of funds above.

Source: Board of Governors of the Federal Reserve System.

Table B.—Amount and Composition of Individuals' Saving, 1966-70

[Billions of dollars]

Line		1966				1967				1968				1969				1970								
		I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV					
(Seasonally adjusted at annual rates)																										
1	Increase in financial assets.....	64.4	48.9	68.8	68.9	73.4	55.3	68.7	84.4	49.2	56.7	70.2	69.5	85.5	88.1	67.5	77.5	82.5	58.1	65.2	62.1	57.4	75.3	84.9	88.7	
2	Current and demand deposits.....	3.1	0.6	11.3	6.0	4.8	-2.4	2.0	4.2	8.6	17.6	7.7	7.8	5.1	2.5	0.1	29.9	15.7	-0.8	10.3	8.6	5.2	5.8	7.5	5.1	1.1
3	Savings accounts.....	10.1	33.7	28.6	13.3	32.2	21.4	17.8	16.6	20.5	34.2	40.1	38.0	24.7	30.1	23.4	30.0	31.0	24.7	18.1	8.8	8.8	5.0	30.7	64.2	40.1
4	Securities.....	10.5	-9	4.0	16.2	8.4	17.0	17.7	12.3	-4.9	-7.0	-11.2	3.0	12.4	10.2	11.8	-0.2	3.3	17.0	3	23.8	33.2	21.7	6.6	0.0	-1.2
5	U.S. savings bonds.....	6	1.0	4	-4	3	2	7	3	0	8	1.3	5	1.4	-2	7	3	7	-4	-4	-5	1	-0	-2	8	1.7
6	Other U.S. Treasury securities.....	2.6	-1.3	3.8	0.1	-4.2	6.3	-2.0	6.8	-0	-0.2	-7.0	4.5	8.3	7.2	9.4	-1.0	-1.7	10.8	-2.2	18.0	10.8	6.4	-7.0	-1.4	-14.8
7	U.S. Government agency securities.....	4.2	1.2	1.4	4.5	4.2	3.0	0.3	3.4	3	1.3	-1.8	2.0	3.7	2	2.4	2.3	6	4.6	4.7	1.4	7.0	0.3	3.9	5.0	-1.4
8	State and local obligations.....	2.1	-1.3	8	1.6	-1.0	2.6	2.8	2.6	2.7	-1.0	-4	1.0	-3.4	3	-1.4	4.1	4	4.1	2.7	-8	-2	4.2	-9.5	2.7	2.7
9	Corporate and foreign bonds.....	2.0	3.0	5.4	5.4	12.2	4.1	2.9	1.2	-3	3.5	1.3	2.1	7.5	3.0	0.8	-1.3	12.5	4.9	1.4	6.5	4.2	12.3	10.2	11.3	14.0
10	Investment company shares.....	3.7	2.0	4.7	5.7	2.4	4.0	3.3	4.1	2.7	1.8	1.9	2.4	3.2	3.3	3.1	4.9	6.4	7.7	4.8	6.1	4.2	1.0	2.7	3.4	2.1
11	Other corporate stock.....	-4.7	-6.1	-12.2	-0.6	-5.0	-4.7	7	-5.0	-8.7	-7.7	-6.3	-10.5	-2.4	-0.4	-0.3	-18.4	-14.6	-12.0	-10.7	-6.7	-7.0	-8.3	-2.8	-2.7	-6.4
12	Private life insurance reserves.....	4.5	4.7	4.0	4.9	4.8	4.6	4.4	4.0	4.7	4.7	4.8	4.8	4.7	4.0	4.5	4.5	4.6	4.6	4.9	4.0	4.8	4.8	4.8	4.8	4.8
13	Private insured pension reserves.....	2.1	2.0	2.0	2.9	3.1	2.1	2.1	2.1	2.1	2.4	2.6	2.7	2.7	2.8	2.9	3.0	2.8	2.9	2.9	2.0	3.0	3.0	3.0	3.1	3.1
14	Private noninsured pension reserves.....	5.1	0.3	0.4	6.2	0.0	4.4	0.6	5.2	8.4	5.5	6.1	6.4	7.0	5.4	6.0	6.7	7.4	8.3	7.3	6.3	8.9	5.7	5.3	6.2	0.0
15	Government insurance and pension reserves.....	5.9	6.3	5.0	6.2	0.0	5.7	4.8	5.0	4.5	3.9	4.4	5.3	6.0	5.3	5.0	5.8	6.1	5.7	6.4	7.2	8.7	6.0	13.1	7.5	8.0
16	Miscellaneous financial assets.....	3.7	4.7	5.0	5.1	3.7	2.6	3.3	3.7	5.1	5.1	3.3	4.3	6.0	4.6	0.6	5.7	8.4	4.3	5.8	3.9	7.3	5.1	4.4	7.5	6.0
17	Gross investment in tangible assets.....	114.1	118.1	132.5	141.6	137.6	118.3	113.1	113.2	113.9	109.6	114.6	119.4	123.1	128.7	131.5	134.5	135.5	140.7	143.9	141.1	133.2	127.8	140.4	138.7	134.0
18	Nonfarm homes.....	18.9	17.0	21.1	21.0	18.0	10.7	10.6	10.4	17.0	16.0	15.1	18.1	19.4	21.0	21.6	22.4	20.2	21.9	23.8	21.7	19.3	19.4	17.3	19.4	19.2
19	Noncorporate business construction and equipment.....	24.0	25.6	36.7	38.5	30.0	24.8	23.8	23.2	24.4	24.7	25.7	26.0	26.0	26.4	26.4	28.6	27.8	28.3	28.0	27.6	28.6	20.4	29.4	30.2	31.0
20	Consumer durables.....	20.8	22.1	64.0	80.0	88.0	71.2	62.5	71.3	71.9	60.8	72.9	72.7	75.3	80.4	82.4	88.3	87.0	84.5	88.4	80.2	88.0	60.7	10.4	24.1	24.1
21	Inventories.....	4	0	6	0	2	7	1.2	-7	0	0	2	1.0	1.0	8	1.1	2	4	1.9	0	2.1	-2	1	0	0	-1.1
22	Capital consumption allowances.....	80.3	86.9	95.3	104.6	121.6	75.3	79.4	88.9	82.6	84.3	85.8	87.7	89.8	92.1	94.1	96.3	98.7	101.1	103.6	106.3	107.7	109.6	111.5	113.6	113.6
23	Nonfarm homes.....	7.4	7.8	8.3	8.8	0.2	7.3	7.4	7.6	7.5	7.7	7.8	7.9	8.0	8.1	8.2	8.4	8.5	8.0	8.7	8.0	9.0	0.1	0.2	0.3	0.4
24	Noncorporate business plant and equipment.....	17.2	18.4	19.6	21.4	22.6	18.8	17.4	17.4	17.7	17.0	18.2	18.8	18.8	10.1	10.4	19.8	20.2	20.6	21.0	21.0	22.2	22.4	22.4	22.6	22.7
25	Consumer durables.....	55.6	60.7	67.4	74.4	80.2	54.0	54.0	56.1	57.4	56.7	60.8	61.8	68.0	64.8	66.5	68.2	70.0	71.9	72.7	76.7	78.2	60.0	61.1	61.7	61.7
26	Net investment in tangible assets.....	33.8	38.6	37.2	36.4	15.6	36.2	33.7	32.3	31.2	25.3	28.7	31.8	33.3	36.6	37.4	38.2	38.8	39.6	39.3	35.3	31.4	28.2	28.8	25.7	26.2
27	Nonfarm homes.....	11.5	6.2	12.8	12.8	0.7	12.4	12.3	11.0	9.6	7.4	7.3	10.2	11.7	12.0	12.4	13.0	11.7	13.2	13.0	12.8	10.2	10.4	10.2	8.0	8.0
28	Noncorporate business construction and equipment.....	0.8	7.3	7.1	7.1	7.5	7.8	0.7	3.8	0.7	6.8	7.6	7.6	7.3	7.4	7.1	6.8	7.6	7.0	6.9	6.2	7.8	7.2	7.0	7.6	8.3
29	Consumer durables.....	18.3	12.4	16.7	16.0	8.4	17.2	18.0	18.3	14.8	11.1	13.8	12.5	12.3	15.0	15.0	13.1	17.0	17.0	16.8	14.1	13.6	10.4	10.7	0.2	3.1
30	Inventories.....	4	0	6	0	2	7	1.2	-7	0	0	2	1.0	1.0	8	1.1	2	4	1.2	0	2.1	-2	1	0	0	-1.1
31	Increase in debt.....	32.2	31.7	43.3	41.1	29.0	36.7	37.6	27.6	28.7	25.9	30.3	32.5	42.1	34.3	45.9	42.1	50.8	40.1	45.6	39.0	38.7	24.9	26.8	37.2	27.2
32	Mortgage debt on nonfarm homes.....	12.3	10.5	14.9	10.2	12.5	14.2	13.5	11.2	8.9	7.1	8.0	12.7	14.2	15.0	14.5	14.4	15.3	10.8	17.1	16.3	14.0	11.0	12.2	13.7	13.0
33	Noncorporate business mortgage debt.....	5.8	7.0	6.0	6.0	6.0	7.1	5.3	5.2	4.4	6.3	6.6	7.7	7.8	0.2	0.4	4.9	7.6	7.1	7.6	0.0	0.1	0.0	0.6	0.4	0.2
34	Consumer credit.....	7.2	4.0	12.1	10.3	4.3	0.0	8.8	2.1	0.0	3.2	4.1	5.8	6.4	9.3	9.7	12.9	12.1	10.2	10.8	8.9	7.3	4.8	0.1	6.2	0.2
35	Security credit.....	-2	3.3	2.1	-2.6	-1.9	7	8	-2.3	1	7	3.2	4.1	5.1	-3.8	7.2	-1	4.2	-4.2	-1.2	-6.1	-7	-5.2	-2.9	0	0
36	Policy loans.....	1.6	1.0	1.3	2.6	2.3	8	1.3	2.0	1.9	1.2	1.1	8	1.7	1.0	1.6	1.4	1.1	1.0	2.0	3.0	2.8	2.0	2.7	2.6	1.4
37	Other debt.....	5.0	7.3	7.4	8.5	3.7	4.4	8.1	4.0	4.5	7.4	7.2	5.8	0.0	0.9	6.0	7.0	8.3	8.9	8.8	8.3	8.9	4.3	3.2	4.0	2.1
38	Individual saving (1+26-31).....	66.1	82.0	63.5	60.1	71.5	55.7	54.8	38.1	63.7	64.8	87.1	65.0	60.7	67.8	69.7	63.4	63.6	62.0	63.7	59.5	64.9	62.3	72.3	73.5	72.7
39	Less: Government insurance and pension reserves.....	5.3	5.3	5.0	6.2	0.0	5.7	4.0	5.0	4.8	3.8	5.4	5.3	0.0	0.3	0.0	5.8	6.1	6.7	8.4	7.2	3.7	6.0	13.1	7.5	6.0
40	Net investment in consumer durables.....	13.2	12.4	16.7	15.5	8.4	17.2	13.6	15.3	14.5	11.1	13.8	12.5	12.3	15.0	15.0	13.1	17.0	17.0	16.8	14.1	13.6	10.4	10.7	9.2	2.1
41	Capital gains dividends from investment companies.....	1.3	3.7	2.5	2.5	0	1.6	1.2	1.4	1.2	0.9	1.4	1.8	2.7	2.8	1.0	2.4	2.9	3.0	1.0	2.2	1.1	1.4	2.2	0.8	0.2
42	Not saving by farm corporations.....	0	-1	0	0	0	0	0	0	0	-1	0	-1	-1	0	0	0	1	0	0	0	0	0	0	0	0
43	Equals personal saving, flow of funds account basis.....	34.3	42.6	38.5	33.9	62.1	32.2	35.8	38.0	33.2	49.0	36.5	48.0	38.8	44.2	35.4	37.2	37.4	33.9	31.7	26.1	36.5	4.29	62.3	65.8	61.4
44	Personal saving, national income and product account basis.....	32.5	40.4	39.8	37.3	64.1	29.6	31.2	31.6	37.7	39.3	37.4	41.2	42.3	41.2	44.6	36.4	37.3	32.8	33.4	42.3	42.1	46.2	64.2	67.4	68.5
45	Difference (44-43).....	-1.7	-2.2	1.3	3.4	0	-2.7	-3.8	-4.9	4.5	-9.0	1.1	-4.8	4.5	-3.0	9.2	-1.2	-1	-0.9	16.8	6.3	6.6	3.3	1.9	1.6	-2.9

1. Combined statement for households, farm, and nonfarm noncorporate business.

Source: Board of Governors of the Federal Reserve System.

## ERRATA

Corrections are shown below (in billions of dollars) for certain items in the national income and product tables published in the July 1971 Survey.

Table	Line	Period	Published value	Correct value
1.2	6	1970-I	101.1	103.0
1.3	6	1980	90.9	490.9
3.4	1	1969-III	48.0	64.8
3.4	1	1969-IV	90.3	68.3
7.3	30	1968	554.1	554.6
8.4	7	1969-I	144.5	144.4

Also, hyphens should be replaced by decimal points in the following places: table 1.1, line 1, 1969-IV; table 7.4, line 1, 1969-II; table 7.6, column of population figures.

## Direct Investments

(Continued from page 15)

The coverage is believed to be virtually complete for major U.S. investors. Details of methodology, regulations and instructions, definitions, and copies of the reporting forms can be found in the *Direct Investments Abroad* volume.

"Direct foreign investment" is defined to include all foreign business organizations in which a U.S. person, organization, or affiliated group owns an interest of 10 percent or more. In addition, a foreign business organization in which 50 percent or more of voting stock is owned by U.S. residents is counted as a direct foreign investment even if no single U.S. group owns as much as 10 percent. It should be noted that some of the U.S. reporters who own direct investments abroad are themselves owned by foreigners, and direct investments of such U.S. reporters are included in this survey. Not covered are U.S. holdings of the stocks or long-term debt of foreign organizations not meeting one of these criteria; such holdings are considered portfolio, not direct, investments.

"Direct foreign investment" also includes all equity in the stock and surplus, and ownership of the long-term debt, of the foreign organization belonging to U.S. persons other than the U.S. parent of the foreign organization. However, U.S. banking and nonparent commercial claims on the foreign organization, or loans by U.S. Government agencies, are not included; they are shown elsewhere in the statements of the U.S. balance of payments and international investment position. Thus, accounts between the home offices and foreign branches of U.S. banks which are reportable on Treasury Department Foreign Exchange Forms B1 and B2 are excluded. The vast majority of such accounts represent balances held by the foreign branches with their U.S. home offices.

## Structures and Equipment

(Continued from page 28)

is assumed to be a good indicator of the use of the product. For example,

typewriters purchased on capital account were distributed to using industries on the basis of industry employment of typists. In most cases, all 76 user industries identified in the capital flow table were included in the allocation.

## Evaluation

The estimates of equipment flows shown in table 1 fall short of the quality of the estimates of flows on current account in the input-output table for 1963. This is because there is much less hard statistical information available for estimating capital flows than for estimating current account flows.

Table 2 shows that, in dollar terms, well over half of the flow of equipment (\$19.4 billion out of \$33.6 billion) was allocated to using industries according to indirect estimating methods of one sort or another.

Information similar to that in table 2 has not been compiled for the current account flows in the 1963 input-output table. However, much more information on actual purchases was available for estimating the current account flows so that indirect methods were used much less. This is especially true for manufacturing industries, for which the Census of Manufactures supplied detailed information for more than half of the total consumption of materials by manufacturing plants. In addition, the regulatory commissions and various private surveys provided much information on current account flows for non-manufacturing industries. Firm statistical data on purchases, and in some instances sales, underlie about one-half of the total dollar amount of flows in the current account table. In addition, information of the sort listed in categories 2 and 3 in table 2, which can also yield quite good estimates, is used substantially in the current account table.

Another factor to be considered in evaluating the quality of the equipment flows is that indirect estimating

methods are in general more reliable for estimating current consumption than capital purchases. The consumption of many goods in current production can be closely approximated by such variables as output or employment, for which we have good data. This is not the case for purchases of new equipment. One can theorize about factors which affect new capital purchases, such as industry profits, excess capacity, age of stock, expected demand, and so on. However, we do not have an adequate statistical or theoretical basis for setting up equations incorporating such variables to estimate an industry's demand for specific types of fixed capital. Instead, the basis for the estimates was usually data on output, employment, or, in some instances, capital stocks.<sup>9</sup>

Table 2 does not provide a very useful basis for evaluating the estimates of new structures. Although three-fourths of the total dollar amount of construction is in the combined categories 1 and 2, the quality of the construction estimates is probably impaired because to a considerable extent they are based on secondary sources of information rather than on direct surveys of work done.

It is clear that significant additions to the Federal statistical program are required before fully adequate capital flow tables can be constructed. As a result of the experience gained in constructing the table for 1963, OBE is better able to assess the need for additional statistics on business purchases, sales, and rentals of new fixed capital for estimating inter-industry flows, and to formulate specific recommendations for such additions. The type of analysis summarized in table 2 extended to specific capital items and industries can provide guidelines for the needed improvements by showing the products and industries for which new or expanded data collection surveys are most needed.

<sup>9</sup> Information concerning the basis for distributing each product to the using industries will be available shortly.